

State of Arizona  
House of Representatives  
Forty-fifth Legislature  
First Regular Session  
2001

CHAPTER 374

# HOUSE BILL 2238

AN ACT

AMENDING SECTIONS 36-797 AND 36-2921, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2921; AMENDING LAWS 2001, CHAPTER 234, SECTION 2; PROVIDING FOR DELAYED REPEAL OF SECTION 36-2921, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; MAKING APPROPRIATIONS; RELATING TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 36-797, Arizona Revised Statutes, is amended to  
3 read:

4 36-797. Health crisis fund; definition

5 A. The health crisis fund is established consisting of monies  
6 allocated to the fund from the medically needy account of the tobacco tax and  
7 health care fund established pursuant to section 36-774.

8 B. On July 1 each fiscal year, sufficient monies from the medically  
9 needy account to establish a fund balance of one million dollars shall be  
10 deposited in the health crisis fund. Expenditures from the health crisis  
11 fund shall not exceed one million dollars annually. The fund balance shall  
12 not exceed one million dollars but may fall below this amount during a fiscal  
13 year as a result of approved expenditures. All interest earned on the monies  
14 in the fund shall be credited to the medically needy account. Monies in the  
15 fund are exempt from the provisions of section 35-190 relating to lapsing of  
16 appropriations.

17 C. If the governor determines and declares by executive order that a  
18 health crisis or a significant potential for a health crisis exists in this  
19 state, the governor may authorize specific liabilities and expenses to be  
20 incurred and paid as claims against this state from monies in the health  
21 crisis fund. Before the governor authorizes any liabilities or expenditures,  
22 the governor shall specifically justify why the health crisis was not  
23 considered a contingency or an emergency pursuant to section 35-192. THE  
24 GOVERNOR SHALL SUBMIT A COPY OF THE EXECUTIVE ORDER TO THE DIRECTOR OF THE  
25 JOINT LEGISLATIVE BUDGET COMMITTEE WHEN MONIES IN THE HEALTH CRISIS FUND ARE  
26 SET ASIDE FOR A HEALTH CRISIS OR A SIGNIFICANT POTENTIAL FOR A HEALTH CRISIS  
27 THAT EXISTS IN THIS STATE.

28 D. Liabilities and expenses that are authorized under subsection C of  
29 this section may be incurred for the following:

30 1. Reimbursement for reasonable and related health treatment expenses  
31 that are incurred by health care facilities or providers rendering care for  
32 persons who have no health coverage and who are affected by the health  
33 crisis.

34 2. Reimbursement for research costs to determine:

35 (a) The cause of the health crisis.

36 (b) The impact of the health crisis on the health status of the  
37 surrounding neighborhood, community, region or other area.

38 (c) The steps that could be taken to mitigate or resolve the crisis.

39 3. Reimbursement for expenses that are incurred to prevent the onset  
40 of a health crisis or to respond to an existing health crisis.

41 E. The director of the department of health services shall review the  
42 liabilities incurred and the expenditures made under this section and shall  
43 report to the director of the joint legislative budget committee within  
44 ninety days after the termination of the crisis. The director shall report

1 by August 1 of each year to the legislature on the expenditures from the  
2 health crisis fund during the preceding fiscal year.

3 F. Liabilities that are incurred under this section are subject to the  
4 following limitations:

5 1. Liability shall not be incurred against the monies that are  
6 authorized for each crisis without the approval of the governor or the  
7 director of the department of health services.

8 2. An obligation of monies may be made under this section only if one  
9 or more of the following conditions exist:

10 (a) No appropriation or other authorization is available to address  
11 the crisis.

12 (b) Any available appropriation or other authorization is insufficient  
13 to address the crisis.

14 (c) Federal monies that are available for a crisis are conditioned on  
15 an initial expenditure of state or other public monies or require state or  
16 other public monies to be used for matching purposes.

17 G. The director of the department of health services shall seek  
18 reimbursement for health crisis fund expenditures if appropriate sources of  
19 reimbursement exist. Monies that are recovered pursuant to this subsection  
20 shall be deposited in the medically needy account of the tobacco tax and  
21 health care fund.

22 H. The director of the department of health services shall adopt rules  
23 for administering monies that are authorized for liabilities under this  
24 section, including reimbursement procedures and limitations, subject to the  
25 governor's approval.

26 I. For the purposes of this section, "crisis" or "health crisis" means  
27 a situation in which the health status of an area in this state is, was or  
28 could be adversely affected but in which the nature of the crisis does not  
29 meet the standard of an emergency, contingency or menace under section 35-192  
30 or a state of emergency as defined in section 26-301. Health crisis includes  
31 local or regional chemical contaminations, basic health services delivery  
32 disruptions, caused by unforeseen circumstances, in medically underserved  
33 areas as prescribed by section 36-2352, localized outbreaks of a disease or  
34 a potential outbreak of a disease that has a reasonable possibility of  
35 occurring and that poses a significant threat to a community or region in  
36 this state.

37 Sec. 2. Section 36-2921, Arizona Revised Statutes, is amended to read:  
38 36-2921. Tobacco tax allocation

39 A. Subject to the availability of monies in the medically needy  
40 account established pursuant to section 36-774 the administration shall use  
41 the monies in the account in the following order:

42 1. The administration shall withdraw the amount necessary to pay the  
43 state share of costs for providing health care services to any person who is  
44 eligible pursuant to section 36-2901, paragraph 4, subdivisions (a), (c) and  
45 (h) and who becomes eligible for a heart, lung, heart-lung, liver or

1 autologous and allogeneic bone marrow transplant pursuant to section 36-2907,  
2 subsection A, paragraph 11, subdivision (d) as determined by the  
3 administrator and to any person who is eligible pursuant to section 36-2901,  
4 paragraph 4, subdivision (b) and who becomes eligible for a lung or  
5 heart-lung transplant pursuant to section 36-2907, subsection A, paragraph  
6 11, subdivision (b), as determined by the administrator.

7 2. Beginning on August 1, 1995 and on the first day of each month  
8 until July 1, 1998, the sum of one million two hundred fifty thousand dollars  
9 shall be transferred from the medically needy account to the medical services  
10 stabilization fund for uses as prescribed in section 36-2922.

11 3. The administration shall withdraw the sum of nine million two  
12 hundred fifty-one thousand one hundred dollars in fiscal year 1998-1999 for  
13 deposit in the children's health insurance program fund established by  
14 section 36-2995 to pay the state share of the children's health insurance  
15 program established pursuant to article 4 of this chapter.

16 4. From and after August 1, 1995 and each year thereafter, the  
17 administration shall transfer the following monies to the department of  
18 health services to be allocated as follows if the department awards a  
19 contract:

20 ~~(a) Five million dollars, for the mental health grant program~~  
21 ~~established pursuant to section 36-3414.~~

22 (b) (a) Six million dollars, for primary care services established  
23 pursuant to section 36-2907.05. NOTWITHSTANDING SECTION 36-2907.05, OF THE  
24 AMOUNT TRANSFERRED PURSUANT TO THIS SUBDIVISION FOR FISCAL YEARS 2001-2002  
25 AND 2002-2003, FIVE HUNDRED THOUSAND DOLLARS SHALL BE DISTRIBUTED TO  
26 COMMUNITY BASED PRIMARY CARE PROGRAMS TO PROVIDE PRIMARY CARE OR URGENT CARE  
27 SERVICES DURING EVENING AND WEEKEND HOURS.

28 (c) (b) FOR FISCAL YEAR 2001-2002 five million dollars, for grants  
29 to the qualifying community health centers established pursuant to section  
30 36-2907.06, subsection A.

31 (c) FOR FISCAL YEAR 2002-2003 AND EACH FISCAL YEAR THEREAFTER FOUR  
32 MILLION SEVEN HUNDRED FORTY THOUSAND DOLLARS, FOR GRANTS TO THE QUALIFYING  
33 COMMUNITY HEALTH CENTERS ESTABLISHED PURSUANT TO SECTION 36-2907.06,  
34 SUBSECTION A.

35 5. The administration shall transfer ~~up to five hundred~~ THREE HUNDRED  
36 SEVENTY-FIVE thousand dollars for ~~fiscal years 1997-1998, 1998-1999 and~~  
37 ~~1999-2000~~ ANNUALLY for pilot programs providing detoxification services in  
38 counties having a population of five hundred thousand persons or less  
39 according to the most recent United States decennial census. OF THE MONIES  
40 TRANSFERRED PURSUANT TO THIS PARAGRAPH, TWO HUNDRED FIFTY THOUSAND DOLLARS  
41 SHALL BE DISTRIBUTED TO A PROGRAM THAT PROVIDES DETOXIFICATION TREATMENT AND  
42 SERVICES THROUGH A LONG-TERM SOCIAL MODEL DETOXIFICATION PROGRAM THAT  
43 EMPHASIZES REHABILITATION AND ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS SHALL  
44 BE DISTRIBUTED TO A PROGRAM THAT PROVIDES SHORT-TERM DETOXIFICATION TREATMENT  
45 AND SERVICES AND IS PART OF A CONTINUUM OF DETOXIFICATION TREATMENT.

1           6. The administration shall transfer up to two hundred fifty thousand  
2 dollars annually for fiscal years 1995-1996, 1996-1997, 1997-1998, 1998-1999,  
3 and 1999-2000, 2001-2002 AND 2002-2003 for telemedicine pilot programs  
4 designed to facilitate the provision of medical services to persons living  
5 in medically underserved areas as provided in section 36-2352.

6           7. The administration shall transfer up to two hundred fifty thousand  
7 dollars annually beginning in fiscal year 1996-1997 for contracts by the  
8 department of health services with nonprofit organizations that primarily  
9 assist in the management of end stage renal disease and related problems.  
10 Contracts shall not include payments for transportation of patients for  
11 dialysis.

12           8. Contingent on the existence of a premium sharing demonstration  
13 project fund, beginning October 1, 1996 and until September 30, 1999, the  
14 administration shall withdraw the sum of twenty million dollars in each of  
15 fiscal years 1996-1997, 1997-1998 and 1998-1999 for deposit in the premium  
16 sharing demonstration project fund established by section 36-2923 to provide  
17 health care services to any person who is eligible for an Arizona health care  
18 cost containment system premium sharing demonstration program enacted by the  
19 legislature. The Arizona health care cost containment system premium sharing  
20 demonstration program enacted by the legislature shall not be an entitlement  
21 program. Beginning on October 1, 1997, the administration shall annually  
22 withdraw monies from the medically needy account not to exceed four per cent  
23 of the sum of any monies transferred pursuant to this paragraph for  
24 administrative costs associated with the premium sharing demonstration  
25 project. Administrative costs in excess of two per cent shall be funded from  
26 the interest payments from the twenty million dollars withdrawn from the  
27 medically needy account to fund the premium sharing program pursuant to this  
28 paragraph.

29           9. Subject to the availability of monies, the Arizona health care cost  
30 containment system administration shall transfer to the department of health  
31 services up to five million dollars in fiscal years 1996-1997 and 1997-1998  
32 and two million five hundred thousand dollars in fiscal year 1998-1999 for  
33 providing nonentitlement funding for a basic children's medical services  
34 program established by section 36-2907.08. The administration may also  
35 withdraw and transfer to the department amounts for program evaluation and  
36 for administrative costs as prescribed in section 36-2907.08.

37           10. Subject to the availability of monies, the sum of one million  
38 dollars shall be transferred annually to the health crisis fund for use as  
39 prescribed in section 36-797.

40           11. Subject to the availability of monies, the Arizona health care cost  
41 containment system administration shall transfer to the aging and adult  
42 administration in the department of economic security the sum of five hundred  
43 thousand dollars annually beginning in fiscal year 1997-1998 for services  
44 provided pursuant to section 46-192, subsection A, paragraph 4. Services

1 shall be used for persons who meet the low income eligibility criteria  
2 developed by the aging and adult administration.

3 12. Subject to the availability of monies, the Arizona health care cost  
4 containment system administration shall transfer to the department of health  
5 services the sum of ~~two hundred~~ SEVENTY thousand dollars annually beginning  
6 in fiscal year 1998-1999 for contracts entered into pursuant to section  
7 36-132, subsection D, with hospitals that are licensed by the department of  
8 health services and that perform nonrenal organ transplant operations. These  
9 contracts shall not include payments for transportation to and from treatment  
10 facilities.

11 13. Subject to the availability of monies, the Arizona health care cost  
12 containment system administration shall annually transfer to the department  
13 of health services the sum of one hundred eleven thousand two hundred dollars  
14 to implement the rural private primary care provider loan repayment program  
15 established pursuant to section 36-2174. The department shall not use these  
16 monies for administrative costs. The transfers made pursuant to this  
17 paragraph are exempt from the provisions of section 35-190 relating to  
18 lapsing of appropriations.

19 14. SUBJECT TO THE AVAILABILITY OF MONIES, THE ADMINISTRATION SHALL  
20 TRANSFER TO THE DEPARTMENT OF HEALTH SERVICES THE SUM OF TWO HUNDRED FIFTY  
21 THOUSAND DOLLARS IN FISCAL YEAR 2001-2002 FOR THE PROVISION OF PRIMARY HEALTH  
22 CARE SERVICES IN AN AREA OF THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
23 DESIGNATED AS THE TUCSON INTERNATIONAL AIRPORT AREA SUPERFUND SITE IN 1983  
24 DUE TO CONTAMINATION FROM TRICHLOROETHYLENE. THE TRANSFER MADE PURSUANT TO  
25 THIS PARAGRAPH IS EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO  
26 LAPSING OF APPROPRIATIONS. THE DEPARTMENT OF HEALTH SERVICES IS EXEMPT FROM  
27 THE PROCUREMENT CODE REQUIREMENT OF TITLE 41, CHAPTER 23, FOR PURPOSES  
28 RELATING TO THIS PARAGRAPH.

29 B. The department of health services shall establish an accounting  
30 procedure to ensure that all funds transferred pursuant to this section are  
31 maintained separately from any other funds.

32 C. The administration shall annually withdraw monies from the  
33 medically needy account in the amount necessary to reimburse the department  
34 of health services for administrative costs to implement each program  
35 established pursuant to subsection A of this section not to exceed four per  
36 cent of the amount transferred for each program.

37 D. The administration shall annually withdraw monies from the  
38 medically needy account in the amount necessary to reimburse the department  
39 of health services for the evaluations as prescribed by section 36-2907.07.

40 E. The administration shall annually report, no later than November  
41 1, to the director of the joint legislative budget committee the annual  
42 revenues deposited in the medically needy account and the estimated  
43 expenditures needed in the subsequent year to provide funding for services  
44 provided in subsection A, paragraph 1 of this section. The administration  
45 shall immediately report to the director of the joint legislative budget

1 committee if at any time the administration estimates that the amount  
2 available in the medically needy account will not be sufficient to fund the  
3 maximum allocations established in this section.

4 Sec. 3. Title 36, chapter 29, article 1, Arizona Revised Statutes, is  
5 amended by adding section 36-2921, to read:

6 36-2921. Tobacco tax and health care fund medically needy  
7 account allocations

8 A. SUBJECT TO THE AVAILABILITY OF MONIES IN THE MEDICALLY NEEDY  
9 ACCOUNT ESTABLISHED BY SECTION 36-774, THE ARIZONA HEALTH CARE COST  
10 CONTAINMENT SYSTEM ADMINISTRATION SHALL DISTRIBUTE THE AMOUNT DEPOSITED IN  
11 THE ACCOUNT PURSUANT TO SECTION 36-774 EACH YEAR TO THE FOLLOWING PROGRAMS  
12 BASED ON THE FOLLOWING PERCENTAGES:

13 1. THE ADMINISTRATION SHALL WITHDRAW .56 PER CENT TO PAY THE STATE  
14 SHARE OF COSTS FOR PROVIDING HEALTH CARE SERVICES TO ANY PERSON WHO IS  
15 ELIGIBLE PURSUANT TO SECTION 36-2901, PARAGRAPH 4, SUBDIVISION (a), (c) OR  
16 (h) AND WHO BECOMES ELIGIBLE FOR A HEART, LUNG, HEART-LUNG, LIVER OR  
17 AUTOLOGOUS AND ALLOGENEIC BONE MARROW TRANSPLANT PURSUANT TO SECTION 36-2907,  
18 SUBSECTION A, PARAGRAPH 11, SUBDIVISION (d) AS DETERMINED BY THE  
19 ADMINISTRATOR AND TO ANY PERSON WHO IS ELIGIBLE PURSUANT TO SECTION 36-2901,  
20 PARAGRAPH 4, SUBDIVISION (b) AND WHO BECOMES ELIGIBLE FOR A LUNG OR  
21 HEART-LUNG TRANSPLANT PURSUANT TO SECTION 36-2907, SUBSECTION A, PARAGRAPH  
22 11, SUBDIVISION (b), AS DETERMINED BY THE ADMINISTRATOR.

23 2. THE ADMINISTRATION SHALL TRANSFER THE FOLLOWING AMOUNTS TO THE  
24 DEPARTMENT OF HEALTH SERVICES TO BE ALLOCATED AS FOLLOWS IF THE DEPARTMENT  
25 AWARDS A CONTRACT:

26 (a) 6.68 PER CENT FOR PRIMARY CARE SERVICES ESTABLISHED PURSUANT TO  
27 SECTION 36-2907.05.

28 (b) 5.28 PER CENT FOR GRANTS TO THE QUALIFYING COMMUNITY HEALTH  
29 CENTERS ESTABLISHED PURSUANT TO SECTION 36-2907.06, SUBSECTION A.

30 3. THE ADMINISTRATION SHALL TRANSFER .28 PER CENT FOR CONTRACTS BY THE  
31 DEPARTMENT OF HEALTH SERVICES WITH NONPROFIT ORGANIZATIONS THAT PRIMARILY  
32 ASSIST IN THE MANAGEMENT OF END STAGE RENAL DISEASE AND RELATED PROBLEMS.  
33 CONTRACTS SHALL NOT INCLUDE PAYMENTS FOR TRANSPORTATION OF PATIENTS FOR  
34 DIALYSIS.

35 4. CONTINGENT ON THE EXISTENCE OF A PREMIUM SHARING FUND, THE  
36 ADMINISTRATION SHALL WITHDRAW 21.40 PER CENT FOR DEPOSIT IN THE PREMIUM  
37 SHARING DEMONSTRATION PROJECT FUND ESTABLISHED BY SECTION 36-2923 TO PROVIDE  
38 HEALTH CARE SERVICES TO ANY PERSON WHO IS ELIGIBLE FOR AN ARIZONA HEALTH CARE  
39 COST CONTAINMENT SYSTEM PREMIUM SHARING PROGRAM ENACTED BY THE  
40 LEGISLATURE. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM PREMIUM SHARING  
41 PROGRAM ENACTED BY THE LEGISLATURE SHALL NOT BE AN ENTITLEMENT PROGRAM. THE  
42 ADMINISTRATION SHALL ANNUALLY WITHDRAW MONIES FROM THE MEDICALLY NEEDY  
43 ACCOUNT NOT TO EXCEED FOUR PER CENT OF THE SUM OF ANY MONIES TRANSFERRED  
44 PURSUANT TO THIS PARAGRAPH FOR ADMINISTRATIVE COSTS ASSOCIATED WITH THE  
45 PREMIUM SHARING PROJECT. ADMINISTRATIVE COSTS IN EXCESS OF TWO PER CENT

1 SHALL BE FUNDED FROM THE INTEREST PAYMENTS FROM THE AMOUNT WITHDRAWN FROM THE  
2 MEDICALLY NEEDY ACCOUNT TO FUND THE PREMIUM SHARING PROGRAM PURSUANT TO THIS  
3 PARAGRAPH.

4 5. THE ADMINISTRATION SHALL TRANSFER 1.07 PER CENT TO THE HEALTH  
5 CRISIS FUND FOR USE AS PRESCRIBED IN SECTION 36-797.

6 6. THE ADMINISTRATION SHALL TRANSFER TO THE AGING AND ADULT  
7 ADMINISTRATION IN THE DEPARTMENT OF ECONOMIC SECURITY .53 PER CENT FOR  
8 SERVICES PROVIDED PURSUANT TO SECTION 46-192, SUBSECTION A,  
9 PARAGRAPH 4. SERVICES SHALL BE USED FOR PERSONS WHO MEET THE LOW INCOME  
10 ELIGIBILITY CRITERIA DEVELOPED BY THE AGING AND ADULT ADMINISTRATION.

11 7. THE ADMINISTRATION SHALL TRANSFER TO THE DEPARTMENT OF HEALTH  
12 SERVICES .08 PER CENT FOR CONTRACTS ENTERED INTO PURSUANT TO SECTION 36-132,  
13 SUBSECTION D, WITH HOSPITALS THAT ARE LICENSED BY THE DEPARTMENT OF HEALTH  
14 SERVICES AND THAT PERFORM NONRENAL ORGAN TRANSPLANT OPERATIONS. THESE  
15 CONTRACTS SHALL NOT INCLUDE PAYMENTS FOR TRANSPORTATION TO AND FROM TREATMENT  
16 FACILITIES.

17 8. THE ADMINISTRATION SHALL TRANSFER TO THE DEPARTMENT OF HEALTH  
18 SERVICES .12 PER CENT TO IMPLEMENT THE RURAL PRIVATE PRIMARY CARE PROVIDER  
19 LOAN REPAYMENT PROGRAM ESTABLISHED BY SECTION 36-2174. THE DEPARTMENT SHALL  
20 NOT USE THESE MONIES FOR ADMINISTRATIVE COSTS. THE TRANSFERS MADE PURSUANT  
21 TO THIS PARAGRAPH ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING  
22 TO LAPSING OF APPROPRIATIONS.

23 9. THE ADMINISTRATION SHALL WITHDRAW 12.44 PER CENT TO CONTINUE THE  
24 SCHEDULED PHASEOUT OF THE QUICK PAYMENT DISCOUNT REQUIRED BY:

25 (a) LAWS 1992, CHAPTER 302, SECTION 14, AS AMENDED BY LAWS 1993,  
26 SECOND SPECIAL SESSION, CHAPTER 6, SECTION 27 AND LAWS 1995, FIRST SPECIAL  
27 SESSION, CHAPTER 5, SECTION 6.

28 (b) LAWS 1993, SECOND SPECIAL SESSION, CHAPTER 6, SECTION 29, AS  
29 AMENDED BY LAWS 1995, FIRST SPECIAL SESSION, CHAPTER 5, SECTION 8 AND LAWS  
30 1999, CHAPTER 313, SECTION 32.

31 10. THE ADMINISTRATION SHALL WITHDRAW 10.70 PER CENT TO DISCONTINUE THE  
32 ANNUAL DISCOUNT ON PRIVATE HOSPITAL REIMBURSEMENT REQUIRED BY LAWS 1993,  
33 SECOND SPECIAL SESSION, CHAPTER 6, SECTION 39, AS AMENDED BY LAWS 1995, FIRST  
34 SPECIAL SESSION, CHAPTER 5, SECTION 10.

35 11. THE ADMINISTRATION SHALL WITHDRAW 4.87 PER CENT TO PROVIDE COVERAGE  
36 FOR AN EXTENDED MATERNITY LENGTH OF STAY OF NO LESS THAN FORTY-EIGHT HOURS  
37 AFTER A NORMAL DELIVERY OR NINETY-SIX HOURS AFTER A CAESAREAN SECTION.

38 12. THE ADMINISTRATION SHALL WITHDRAW 1.44 PER CENT TO FUND THE COST  
39 OF HIV/AIDS DRUG TREATMENT AND THE MEDICAL COSTS ASSOCIATED WITH THE  
40 ADMINISTRATION AND MONITORING OF THE TREATMENT.

41 13. THE ADMINISTRATION SHALL TRANSFER 23.48 PER CENT TO THE CHILDREN'S  
42 HEALTH INSURANCE PROGRAM FUND ESTABLISHED BY SECTION 36-2995 FOR STATE  
43 MATCHING MONIES FOR THE CHILDREN'S HEALTH INSURANCE PROGRAM. BEFORE THE  
44 WITHDRAWAL OF THESE MONIES, THE ADMINISTRATION SHALL EXPEND ANY MEDICALLY

1 NEEDY ACCOUNT MONIES REMAINING IN THE CHILDREN'S HEALTH INSURANCE PROGRAM  
2 FUND FROM PRIOR YEAR APPROPRIATIONS.

3 14. THE ADMINISTRATION SHALL TRANSFER 1.07 PER CENT TO THE DEPARTMENT  
4 OF HEALTH SERVICES FOR AIDS MEDICATIONS PROVIDED THROUGH THE ARIZONA DRUG  
5 ASSISTANCE PROGRAM.

6 15. THE ADMINISTRATION SHALL TRANSFER 8.56 PER CENT TO THE DEPARTMENT  
7 OF HEALTH SERVICES FOR PSYCHOTROPIC MEDICATIONS FOR SERIOUSLY MENTALLY ILL  
8 PERSONS WHO ARE NOT ELIGIBLE FOR TITLE XIX.

9 16. THE ADMINISTRATION SHALL TRANSFER .51 PER CENT TO THE DEPARTMENT  
10 OF HEALTH SERVICES FOR THE ARIZONA STATEWIDE IMMUNIZATION INFORMATION SYSTEM.

11 17. THE ADMINISTRATION SHALL TRANSFER .37 PER CENT TO THE DEPARTMENT  
12 OF HEALTH SERVICES FOR HEPATITIS C DISEASE SURVEILLANCE.

13 B. THE DEPARTMENT OF HEALTH SERVICES SHALL ESTABLISH AN ACCOUNTING  
14 PROCEDURE TO ENSURE THAT ALL FUNDS TRANSFERRED PURSUANT TO THIS SECTION ARE  
15 MAINTAINED SEPARATELY FROM ANY OTHER FUNDS.

16 C. THE DEPARTMENT OF HEALTH SERVICES MAY USE UP TO FOUR PER CENT OF  
17 THE AMOUNT TRANSFERRED FOR EACH PROGRAM ESTABLISHED PURSUANT TO SUBSECTION  
18 A OF THIS SECTION FOR ADMINISTRATIVE COSTS TO IMPLEMENT EACH PROGRAM.

19 D. THE ADMINISTRATION SHALL ANNUALLY WITHDRAW .39 PER CENT FROM THE  
20 MEDICALLY NEEDY ACCOUNT TO REIMBURSE THE DEPARTMENT OF HEALTH SERVICES FOR  
21 THE EVALUATIONS PRESCRIBED BY SECTION 36-2907.07.

22 Sec. 4. Laws 2001, chapter 234, section 2 is amended to read:

23 Sec. 2. AHCCCS withdrawals; purposes; transfer

24 A. Notwithstanding any other law, for fiscal year 2001-2002, the  
25 Arizona health care cost containment system administration shall withdraw,  
26 as necessary, the sum of \$65,200,200 from the medically needy account of the  
27 tobacco tax and health care fund established pursuant to section 36-774,  
28 Arizona Revised Statutes, subject to the availability of monies in the  
29 account for the following purposes and the withdrawals shall be made before  
30 the withdrawals for those purposes prescribed in section 36-2921, Arizona  
31 Revised Statutes:

32 1. \$10,398,200 to continue the scheduled phaseout of the quick payment  
33 discount required by:

34 (a) Laws 1992, chapter 302, section 14, as amended by Laws 1993,  
35 second special session, chapter 6, section 27 and Laws 1995, first special  
36 session, chapter 5, section 6.

37 (b) Laws 1993, second special session, chapter 6, section 29, as  
38 amended by Laws 1995, first special session, chapter 5, section 8 and Laws  
39 1999, chapter 313, section 32.

40 2. \$10,000,000 to discontinue the annual ten million dollar discount  
41 on private hospital reimbursement required by Laws 1993, second special  
42 session, chapter 6, section 39, as amended by Laws 1995, first special  
43 session, chapter 5, section 10.

1           3. \$4,422,600 to provide coverage for an extended maternity length of  
2 stay of no less than forty-eight hours after a normal delivery or ninety-six  
3 hours after a caesarean section.

4           4. \$1,349,600 to fund the cost of HIV/AIDS drug treatment and the  
5 medical costs associated with the administration and monitoring of the  
6 treatment.

7           5. \$4,542,200 for state match to continue funding to replace federal  
8 monies reduced due to lower federal matching assistance percentage for prior  
9 fiscal years.

10          6. \$5,276,000 to fund fifty per cent of the cost of medical inflation  
11 in fiscal year 1999-2000.

12          7. Up to \$18,384,600 to be deposited in the children's health  
13 insurance program fund established by section 36-2995, Arizona Revised  
14 Statutes, for state matching monies for the children's health insurance  
15 program. Before the withdrawal of these monies, the administration shall  
16 expend any medically needy account monies remaining in the children's health  
17 insurance program fund from prior year appropriations.

18          8. \$1,000,000 to be transferred to the department of health services  
19 for AIDS medications provided through the Arizona drug assistance program.

20          9. \$8,000,000 to be transferred to the department of health services  
21 for psychotropic medications for seriously mentally ill persons who are not  
22 eligible for Title XIX. OF THIS AMOUNT, UP TO \$2,000,000 MAY BE USED FOR  
23 NON-SERIOUSLY MENTALLY ILL SERVICES TO NON-TITLE XIX CLIENTS.

24          10. \$1,000,000 to be transferred to the department of health services  
25 for community health centers.

26          11. \$477,000 to be transferred to the department of health services for  
27 the Arizona statewide immunization information system.

28          12. \$350,000 to be transferred to the department of health services for  
29 Hepatitis C disease surveillance.

30          B. Notwithstanding any other law, for fiscal year 2002-2003, the  
31 Arizona health care cost containment system administration shall withdraw,  
32 as necessary, the sum of \$69,124,200 from the medically needy account of the  
33 tobacco tax and health care fund established pursuant to section 36-774,  
34 Arizona Revised Statutes, subject to the availability of monies in the  
35 account for the following purposes and the withdrawals shall be made before  
36 the withdrawals for those purposes prescribed in section 36-2921, Arizona  
37 Revised Statutes:

38           1. \$11,630,000 to continue the scheduled phaseout of the quick payment  
39 discount required by:

40           (a) Laws 1992, chapter 302, section 14, as amended by Laws 1993,  
41 second special session, chapter 6, section 27 and Laws 1995, first special  
42 session, chapter 5, section 6.

43           (b) Laws 1993, second special session, chapter 6, section 29, as  
44 amended by Laws 1995, first special session, chapter 5, section 8 and Laws  
45 1999, chapter 313, section 32.

1           2. \$10,000,000 to discontinue the annual ten million dollar discount  
2 on private hospital reimbursement required by Laws 1993, second special  
3 session, chapter 6, section 39, as amended by Laws 1995, first special  
4 session, chapter 5, section 10.

5           3. \$4,555,300 to provide coverage for an extended maternity length of  
6 stay of no less than forty-eight hours after a normal delivery or ninety-six  
7 hours after a caesarean section.

8           4. \$1,349,600 to fund the cost of HIV/AIDS drug treatment and the  
9 medical costs associated with the administration and monitoring of the  
10 treatment.

11          5. \$4,542,200 for state match to continue funding to replace federal  
12 monies reduced due to lower federal matching assistance percentage for prior  
13 fiscal years.

14          6. \$5,276,000 to continue funding for fifty per cent of the cost of  
15 medical inflation from fiscal year 1999-2000.

16          7. \$21,944,100 to be deposited in the children's health insurance  
17 program fund established by section 36-2995, Arizona Revised Statutes, for  
18 state matching monies for the children's health insurance program.

19          8. \$1,000,000 to be transferred to the department of health services  
20 for AIDS medications provided through the Arizona drug assistance program.

21          9. \$8,000,000 to be transferred to the department of health services  
22 for psychotropic medications for seriously mentally ill persons who are not  
23 eligible for Title XIX. OF THIS AMOUNT, UP TO \$2,000,000 MAY BE USED FOR  
24 NON-SERIOUSLY MENTALLY ILL SERVICES TO NON-TITLE XIX CLIENTS.

25          10. \$477,000 to be transferred to the department of health services for  
26 the Arizona statewide immunization information system.

27          11. \$350,000 to be transferred to the department of health services for  
28 Hepatitis C disease surveillance.

29          C. The Arizona health care cost containment system administration may  
30 transfer monies between the amounts listed in subsection A, paragraphs 1  
31 through 5 of this section to other amounts listed in subsection A, paragraphs  
32 1 through 5 of this section and between the amounts listed in subsection B,  
33 paragraphs 1 through 5 of this section to other amounts listed in subsection  
34 B, paragraphs 1 through 5 of this section after review by the joint  
35 legislative budget committee.

36          Sec. 5. Appropriation; purpose; exemption

37          A. The sum of \$500,000 is appropriated from the medically needy  
38 account established by section 36-774, Arizona Revised Statutes, in fiscal  
39 year 2000-2001 to the department of health services for emergency vaccines.

40          B. The appropriation made in subsection A of this section is exempt  
41 from the provisions of section 35-190, Arizona Revised Statutes, relating to  
42 lapsing of appropriations.

43          Sec. 6. Appropriations; purpose

44          A. In addition to any other appropriation provided by law, the sum of  
45 \$200,000 is appropriated from the medically needy account established by

1 section 36-774, Arizona Revised Statutes, in each of fiscal years 2001-2002  
2 and 2002-2003 to the department of health services for distribution as  
3 follows to the following counties to reimburse local health departments  
4 pursuant to section 36-189, Arizona Revised Statutes:

- 5 1. Coconino, \$36,220.
- 6 2. Gila, \$5,440.
- 7 3. Mohave, \$30,780.
- 8 4. Yavapai, \$25,820.
- 9 5. Yuma, \$101,740.

10 B. Monies appropriated pursuant to this section shall be used to  
11 supplement and not supplant existing local health department expenditures.

12 Sec. 7. Telemedicine; public school; pilot project;  
13 appropriation; purpose; exemption

14 A. The Arizona telemedicine program at the university of Arizona shall  
15 enter into an agreement with a school district in a county with a population  
16 of more than two million persons to establish a one year telemedicine pilot  
17 project to determine the efficacy of using telemedicine technology in school  
18 health clinics.

19 B. The Arizona telemedicine program shall submit a written report of  
20 its findings and recommendations to the governor, the speaker of the house  
21 of representatives and the president of the senate on or before November 15,  
22 2002 and shall provide a copy of the report to the secretary of state and the  
23 director of the Arizona state library, archives and public records.

24 C. The sum of \$100,000 is appropriated from the medically needy  
25 account established by section 36-774, Arizona Revised Statutes, in fiscal  
26 year 2001-2002 to the Arizona telemedicine program at the university of  
27 Arizona for the pilot project established by this section.

28 D. The appropriation made in subsection C of this section is exempt  
29 from the provisions of section 35-190, Arizona Revised Statutes, relating to  
30 lapsing of appropriations.

31 Sec. 8. University of Arizona rural telemedicine behavioral  
32 health program; grants; fund; purpose; criteria;  
33 appropriation; purpose; exemption

34 A. The university of Arizona college of medicine shall establish a  
35 telemedicine behavioral health program to provide telemedicine behavioral  
36 health services to rural areas of this state through procurement grants and  
37 awards to regional telemedicine behavioral health providers.

38 B. The choice of grant or award recipients shall be based on the  
39 following criteria:

- 40 1. Intent to provide rural health care.
- 41 2. Priority to sites serving patient populations with the greatest  
42 distance from existing medical facilities.
- 43 3. Priority to patient populations with the greatest overall need.
- 44 4. Outcome measures for program participants in order to measure the  
45 progress and overall success of the program.

1 5. The cost-effectiveness of the provision of program services.

2 6. Demonstration by eligible sites of fiscal responsibility and  
3 financial ability to continue the program after it has been initiated.

4 7. Program participant cooperation with other program participants to  
5 lower the overall cost of the program.

6 8. Integration of participating sites with the overall health provider  
7 network for each local area.

8 C. The sum of \$125,000 is appropriated from the medically needy  
9 account established by section 36-774, Arizona Revised Statutes, in fiscal  
10 year 2001-2002 to the university of Arizona for the procurement of  
11 telemedicine behavioral health services in this state to be administered by  
12 telemedicine behavioral health entities.

13 D. The appropriation made in subsection C of this section is exempt  
14 from the provisions of section 35-190, Arizona Revised Statutes, relating to  
15 lapsing of appropriations.

16 Sec. 9. Appropriations; purpose; exemption

17 A. The sum of \$1,500,000 is appropriated from the medically needy  
18 account established by section 36-774, Arizona Revised Statutes, in each of  
19 fiscal years 2001-2002 and 2002-2003 to the department of health services for  
20 the non-title XIX children's behavioral health services, including juvenile  
21 court programs.

22 B. The appropriations made in subsection A of this section are exempt  
23 from the provisions of section 35-190, Arizona Revised Statutes, relating to  
24 lapsing of appropriations.

25 Sec. 10. Appropriation; purpose; exemption; definitions

26 The sum of \$7,000,000 is appropriated from the medically needy account  
27 established by section 36-774, Arizona Revised Statutes, in fiscal year  
28 2001-2002 to provide reinsurance to the healthcare group health plans  
29 established by section 36-2912, Arizona Revised Statutes, for clean claims  
30 submitted to the administration. Reinsurance is available for clean claims  
31 submitted by a healthcare group health plan for services that are based on  
32 a threshold amount and standards established by the administration in  
33 cooperation with the healthcare group health plans. Monies transferred  
34 pursuant to this section are exempt from the provisions of section 35-190,  
35 Arizona Revised Statutes, relating to lapsing of appropriations to allow the  
36 healthcare group health plans sufficient time to submit clean claims. For  
37 the purposes of this section:

38 1. "Clean claims" means claims that can be processed without obtaining  
39 additional information from the provider of the service or a third party.  
40 Clean claims do not include claims under investigation for fraud or abuse of  
41 claims under review for medical necessity.

42 2. "Reinsurance" means a risk sharing program for healthcare group  
43 health plans for reimbursement of the costs of services that are incurred by  
44 healthcare group enrollees and that are greater than the monetary threshold

1 established by the administration in cooperation with the healthcare group  
2 health plans.

3       Sec. 11. Delayed repeal

4       A. Section 7 of this act, relating to the telemedicine pilot project,  
5 is repealed from and after December 15, 2002.

6       B. Section 8 of this act, relating to the telemedicine behavioral  
7 health program, is repealed from and after June 30, 2002.

8       C. Section 36-2921, Arizona Revised Statutes, as amended by this act  
9 is repealed from and after June 30, 2003.

10       Sec. 12. Effective date

11       Section 36-2921, Arizona Revised Statutes, as added by this act is  
12 effective from and after June 30, 2003.

APPROVED BY THE GOVERNOR MAY 8, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 8, 2001.



Passed the House: March 12, 20 01,

Passed the Senate on reconsideration April 30, 20 01,

by the following vote: 40 Ayes,

by the following vote: 24 Ayes,

11 Nays, 9 Not Voting

5 Nays, 1 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

           day of           , 20   ,

at            o'clock            M.

            
Secretary to the Governor

Approved this            day of

          , 20   ,

at            o'clock            M.

            
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this            day of           , 20   ,

at            o'clock            M.

            
Secretary of State

H.B. 2238

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

May 02, 2001,

by the following vote: 44 Ayes,

11 Nays, 5 Not Voting

Jake Flake  
Speaker of the House  
Pro Tempore  
Norman L. Moore  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

2 day of May, 2001,

at 1:10 o'clock P M.

Sandra Ramirez  
Secretary to the Governor

Approved this 4 day of

May, 2001,

at 4:10 o'clock P M.

Janice K. Hull  
Governor of Arizona

H.B. 2238

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 8 day of May, 2001,

at 2:35 o'clock P M.

Secretary of State